

Doing Well By Doing Good with Corporate Volunteering Programs

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Abstract

With rising pressure on firms to demonstrate social responsibility, and an increasing need to justify corporate expenditure, social marketing is one way firms can achieve more with less. Corporate volunteering programs (CVPs) are prime examples of social marketing initiatives that can be leveraged in such a way that firms can acquire a market advantage with minimal expenditure. CVPs develop the human capital of the organisation, whilst also communicating a proactive CSR image to stakeholders, providing plenty of bang for the firms' buck. A conceptual framework is presented illustrating these benefits and demonstrating the influence of backstage CSR efforts, such as CVPs on consumer perceptions of front-stage performance.

Keywords: corporate volunteer programs, corporate social responsibility, social marketing, sponsorship

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Introduction

Corporations donate approximately \$3.2 billion (through financial and human capital contributions) to not-for-profits per year and latest media reports further suggest that this figure will hold steady, and potentially increase, despite the Global Financial Crisis (Duran, 2010). Corporate sponsorships comprise a significant portion of these donations, which raises the question of why firms engage in social marketing initiatives, and more importantly, how firms can most effectively leverage their associations with not-for-profit (NFP) institutions in order to gain a market advantage. Indeed, the corporate social responsibility (CSR) construct emphasises that firms have obligations to their shareholders. They would not be in business, or at least, not for very long, if they did not look at ways of gaining an advantage from their generosity, whether that lies in branding and corporate image, or internal to the organisation, in the attraction, development and retention of motivated and committed employees.

Corporate volunteering programs (CVPs) are prime examples of social marketing initiatives that can be leveraged in such a way that firms can acquire a market advantage with minimal expenditure. Financial sponsorships are often criticized by the public as they become cognisant of the dollars invested into advertising sponsorships, and sceptical of the firm's motive for supporting an NFP, specifically when the advertising budgets for the sponsorship significantly exceed the donation to the NFP. In contrast, CVPs involve firms allowing their employees to (voluntarily) dedicate a portion of paid work hours to volunteering for an NFP, such as delivering lunches for Meals on Wheels. Such social initiatives as this are a prime vehicle through which firms can proactively engage with the community, satisfying discretionary CSR obligations, whilst at the same time fulfilling their primary obligation of profits, by communicating this positive image to key stakeholder groups. However, the literature remains scarce in relation to employee and consumer expectations of, and response to, CSR information and activities (Golob, Lah and Jancic, 2008), and little is known about consumer and employee responses to CVPs as an example of a cause sponsorship.

This paper is organised as follows. First, an overview of the employee volunteering literature is provided, highlighting the potential of such social initiatives as strong internal and external communication tools. Next, a discussion of CSR and sponsorship, and their related benefits is presented. An argument is then made for the application of CVPs as a mechanism through which firms can achieve a socially responsible image and leverage the associated benefits, leading to the development of a conceptual framework. This paper concludes with a brief research agenda.

Corporate Volunteer Programs

Over the last decade, the extant literature on CVPs, hailing predominantly from the human resources management and organisational behaviour disciplines, has demonstrated the organisational benefits that may be gained from engaging employees in community initiatives (e.g. Peterson, 2004; Zappala, 2004). However, such studies have been largely descriptive and offer little by way of understanding the use of CVPs as a communication tool. Research on this topic can be categorised into two main areas: antecedents to employee participation in CVPs and perceived managerial and employee benefits of CVPs. Therefore, there is great scope for furthering our understanding of these corporate social initiatives by framing them as a sponsorship tool with stakeholder communication objectives, as this paper proposes.

It has been widely reported in the literature that CVPs offer extensive organisational benefits regarding the development of the firm's human capital. Gilder, Schuyt and Breedijk (2005) found that CVPs positively affect employee attitudes and behaviours towards the firm, specifically with regard to self-reported job performance and attendance as well as organisational commitment. This echoes the findings of Peterson (2004) who suggested that involvement in employee volunteer programs develops valuable job skills, enhances commitment and, for women, improves job satisfaction. CVPs thus offer an opportunity to replace some training programs in organisations, particularly those that cover 'personal interaction' issues such as teamwork and customer service. Several other studies from the human resources management literature have further supported these benefits (see for example, Tuffrey, 1997; Geroy, Wright and Jacoby, 2000; Zappala, 2004). However, the focus of these studies has not been to explain the process through which these benefits result, with most authors relying on social identification theory to explain the associations. What is not known is whether stakeholders' perceptions of CSR mediate the relationship between the aforementioned variables.

A revived interest in academic attention towards CVPs is evident, presumably due to the topical interest of CSR in the media, and the increasing prevalence of such activities in firms around the globe. However, such social marketing initiatives have remained largely unexplored in the marketing discipline, with the exception of minimal conceptual and empirical studies (e.g. Bhattacharya, Sen and Korschun, 2008; Kim, Lee, Lee and Kim, 2010). These only serve to emphasise the potential value in implementing CVPs as strong internal and external marketing communication tools to project the firm's CSR whilst supporting NFPs. Surprisingly, an examination of the effectiveness of social marketing initiatives in communicating CSR has seldom been undertaken, with few studies examining CSR perceptions as an outcome variable (Yoon, Gurhan-Canli and Schwarz, 2006). The proposed conceptual framework and subsequent research thus significantly advance our understanding of the effect of initiatives, e.g. sponsorships, targeted at communicating social responsibility on the consumers' and employees' actual perception of a company's CSR.

Corporate Social Responsibility and Sponsorship

Cause sponsorships are often thought of as external marketing communication tools, i.e. a tool to communicate a proactive and socially responsible image to consumers and the general public. CVPs however, as they involve the engagement of employees in the CSR activity, are leveraged both internally and externally, communicating the firm's CSR to multiple key stakeholder groups, namely employees and consumers.

Sponsorship has been defined in the literature as an exchange between a sponsor and a sponsored entity (also called property), whereby the sponsor invests in cash or in kind in a property in order to secure the rights to exploit the commercial potential derived from its association with that property (Meenaghan, 1983). The majority of the research on sponsorship deals with sports teams and events, which are typically highly leveraged to audiences for the sponsors benefit. Sponsorship of the arts and other cultural activities has also been studied. However, it is the sponsorship of charitable causes that create the least amount of scepticism from audiences (Christensen, 2006), making this approach ideal when an outcome of improved corporate image is desired. While much is now known about the process through which sponsorship influences audiences (for a full review of recent developments in sponsorship literature, see Cornwell, Weeks and Roy, 2005), little is known

about the impact of the less-outwardly commercial, 'softer' dimensions of this activity, such as contributions to CSR.

Communicating CSR activities has proved beneficial (e.g. Sen and Bhattacharya, 2001; Yoon et al., 2006; Riesch, 2006). In particular, studies have shown positive consumer responses relating to purchase motivations, including willingness to pay higher prices for products and services (Creyer and Ross, 1997), switching to brands seen as supporting the community (Smith and Alcorn, 1991) and higher evaluations of, and attitudes towards, an organisation (Barone, Miyazaki and Taylor, 2000; Sen and Bhattacharya, 2001). Surprisingly, however, an examination of the effectiveness of corporate social initiatives in communicating CSR has seldom been undertaken, with very few studies examining CSR perceptions as an outcome variable (Yoon et al., 2006). This framework thus significantly advance our understanding of the effect of initiatives, e.g. sponsorships, targeted at communicating social responsibility on the consumers' and employees' actual perception of a company's CSR.

Commercial intent differentiates sponsorship from corporate giving, or philanthropy (Polonsky and Speed, 2001), which entails charitable giving with no leverage of the association and little or no expectation of financial return (Javalgi, Traylor, Gross and Lampman, 1994; Speed and Thompson, 2000). However, the boundary between sponsorship and philanthropy has become blurred in recent times as marketers discover the merits of cause-related marketing (CRM) and cause sponsorship. CRM refers to when a portion of sales profits is directed towards a charity or cause (Dean, 2003), while cause sponsorship, on the other hand, involves sponsoring a social or environmental cause deemed worthy by stakeholders, independent of sales (Coote and Cornwell, 2005). Such campaigns are illustrative of the now well-established notion of corporate-community involvement, which embraces a mutually beneficial relationship between cause and sponsor, and reflects activities of strategic philanthropy (Hess, Rogovsky and Dunfee, 2002), i.e. the sponsor has goals of achieving a more competitive position in the market through their relationship with a NFP.

Reflecting a growing commitment to sustainable and ethical business practices, the concept of CSR has increasingly been identified in the literature for its potential to achieve competitive advantage (Burke and Logsdon, 1996; Dentchev, 2004; Husted and Allen, 2009). The CSR construct considers organisations' relationships with society, presenting firms and society not as distinct entities but interwoven, implying that society has expectations of appropriate business activities and outcomes (Wood, 1991). Thus, firms have a responsibility beyond their own economic interest to meet these societal expectations (Frederick 1960; Davis, 1973). Many firms now embrace the notion of CSR in their pursuit of establishing and maintaining a positive image in the community, aiming in turn for a competitive market position.

Carroll's (1979) conceptualisation of CSR, in which the social obligations of a company were broken down into four categories, and later revised as a hierarchy (Carroll, 1991) is perhaps the most widely cited CSR framework. Carroll distinguishes between firms' (a) economic obligations to be productive and economically viable; (b) legal obligations to follow the law; (c) ethical obligations to follow acknowledged values and norms; and (d) discretionary or philanthropic obligations to proactively give back to society. Cause sponsorship is a powerful social marketing initiative which firms can leverage to communicate CSR to stakeholders.

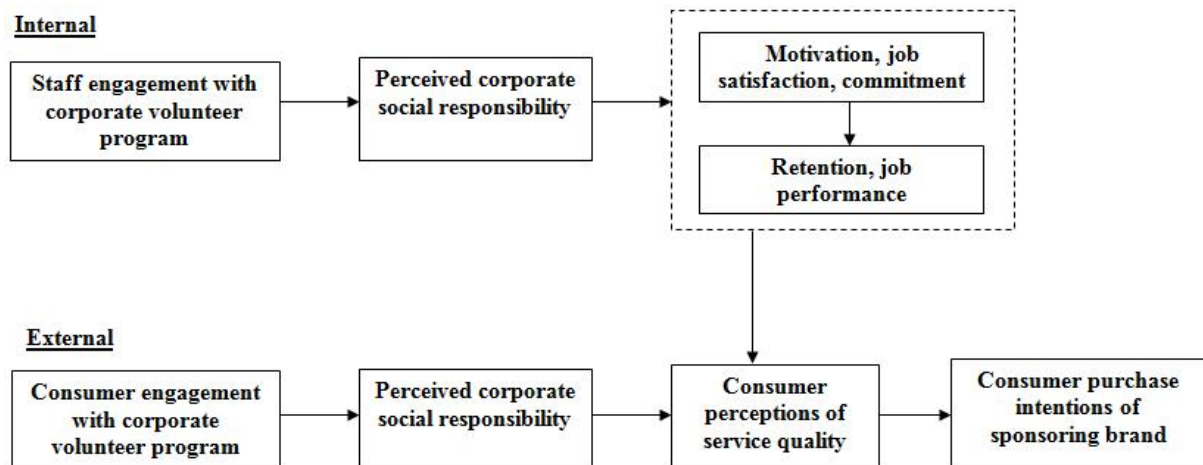
Towards a Conceptual Framework

As discussed earlier, little attention has been given to CVPs as communication tools to convey CSR to stakeholders. Recent academic interest in the topic of CSR perceptions remains conceptual to a large extent (e.g. Bhattacharya, Korschun and Sen, 2008; Hoeffler, Bloom and Keller, 2010), and without a focus on any particular social marketing initiative. Indeed, only one study has empirically studied both CVPs and perceptions of CSR, although the relationship between these specific variables was not tested (Kim et al., 2010). While Peterson (2004) suggests that CVPs are likely to be effective in motivating internal stakeholders, in one study, CSR initiatives that involve employee participation appear not to influence the reputation of a firm in the external stakeholders' eyes (Brammer & Millington, 2005). Despite this finding, we know that consumers prefer the sponsorship of charitable institutions over more established categories such as sports and cultural institutions, as it seen as less commercialised, leading to a higher degree of acceptance (Christensen, 2006). Therefore, it is expected that CVPs as a community sponsorship initiative will effectively communicate the sponsoring firm's CSR to both staff and consumers.

The services industry provides an interesting context to consider the implications of CVPs, with success in services influenced by the relationship between staff and customer. The service-profit chain emphasises the link between front-line service staff and the consumer, and the flow-on effects of strong human capital and organisational success. Specifically, the SPC demonstrates a chain between (1) employee satisfaction, retention & productivity; (2) happy employees deliver quality service to customers; (3) resulting in customer satisfaction and loyalty; and (4) revenue growth and profitability (Heskett and Schlesinger, 1994).

Figure 1 provides a conceptual framework of the relationship between CVPs, CSR perceptions and internal and external organisational benefits. The framework shows staff and consumers' engagement with the firm's CVP will be positively related to their perceptions of the firm's CSR. Investigating engagement would entail measures of staff and consumer responses to the CVP, including awareness and inferences of the initiative, perceived importance of the initiative and perceived efficacy of the initiative (Hoeffler et al., 2010). Staff engagement with the CVP would further involve a continuous measure of employee participation in the CVP. The framework also shows a relationship between stakeholder perceptions of a firms' CSR and various attitudinal and behavioural responses. In the case of employees, the framework suggests that CSR perceptions are related to outcomes of motivation, job satisfaction and organisational commitment, and further outcomes of retention and job performance (Peterson, 2004; Zappala, 2004). Moreover, consumer CSR perceptions are related to their purchase intentions (Sen and Bhattacharya, 2001; Riesch, 2006), mediated by consumer perceptions of service quality. Finally, the framework highlights a link between internal and external CSR perceptions through the aforementioned mediation effect between consumers' perceptions of the quality of service they receive (i.e. which follows on from job performance) (Paulin, Ferguson and Bergeron, 2006; Zhang, Jian and Li, 2007). This emphasises the influence of backstage CSR efforts by businesses on consumer perceptions of front-stage performance.

Figure 1: Conceptual Framework



Conclusions

CVPs are becoming increasingly prevalent in the business landscape, and should be strategically implemented as marketing tools with an internal and external focus. By doing so, firms can emphasise their concern for society and harness the significant benefits that can be found through this positive image. There is much to be said for the establishment and maintenance of a firm's reputation as concerned, proactive and engaged members of society to protect companies in times of crisis. Further research is needed to empirically test the conceptual model presented in this paper. Indeed, qualitative studies may play a role in further developing the conceptual model to include moderating factors, pertaining to the organisation, the individual, and the sponsorship act itself.

Managers of NFPs are finding themselves needing to create value propositions in order to entice corporations to select their institution over other worthy causes, with CVPs offering an attractive, and younger, volunteer force for NFP organisations. Being able to demonstrate the effectiveness of CVPs over other forms of sponsorship and other social marketing initiatives will aid in establishing sustainable relationships between corporations and NFPs. One clear managerial benefit that further research may demonstrate is the ability of CVPs to develop a firm's human capital, whilst simultaneously contributing to the bottom-line.

As corporations tighten their belts, and increasingly need to justify expenditure on social marketing, CVPs offer a valuable, cost-effective tool to communicate a CSR image which resonates with stakeholders and provides more bang for the corporations buck. Therefore, understanding the link between CVPs and stakeholder attitudes and behaviours will justify the use of social marketing as a way for firms to do more, with less.

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